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RUCPDO/DEPT OF COMMERCE WASHINGTON DC PRIORITY  
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C O N F I D E N T I A L VILNIUS 001017

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E.O. 12958: DECL: 11/12/2016  
TAGS: [ENRG](#) [EPET](#) [PREL](#) [LH](#) [RS](#) [PL](#) [VE](#)  
SUBJECT: LITHUANIAN REFINERY BOARD RESIGNS AFTER FAILING TO  
OUST AMCIT GENERAL DIRECTOR

REF: VILNIUS 1008

Classified By: POL/ECON Section Chief Rebecca Dunham for reasons 1.4 (b)  
) and (d)

11. (C) Nelson English, the Amcitr General Director of Mazeikiu Nafta (MN), Lithuania's only oil refinery, called us late on November 9 to say that that MN's board of directors had resigned after failing to oust him at a board meeting earlier that evening. He said that the GOL's three representatives to the seven-member board avoided attending the meeting, preventing a quorum. (The other four members, appointed by Yukos, recently have been acting inconsistently with the wishes of the company's management and stockholders -- see refTel.) According to English, the newly resigned board members have up to 14 days to reconsider their resignations. He said, however, that he was working with Yukos International's corporate office in London to convene MN's supervisory board in order to replace those four management board directors before they had the opportunity to reinstate themselves.

12. (C) In a meeting with us November 10, English said that Tomas Gizas, the only board member to actually attend the board session in person (the others participated by telephone), told him as he departed: "Congratulations, Nelson, and good luck -- you're going to need it." English said that he believed this to be a thinly veiled warning that those who want to scuttle the Polish oil company PKN Orlen's purchase of MN are not about to give up, but will simply try to use another tactic, which may include a public smear campaign against English or even an attempted prosecution on trumped-up charges.

13. (C) English also said that he was close to a three-to-five-year supply arrangement with Venezuela. He said that he knew he was in contact with "the right people" (including a relative of President Chavez), but that there appeared to be some kind of political problem within the Venezuelan state oil company (PDVSA) that was distracting the company's management from finalizing the deal. English also said that he believed that a Venezuelan supply deal for MN would be very helpful in moving PKN's purchase of MN towards closure.

14. (C) Comment: The resignation of the board members is good

news for PKN's plan to purchase MN. Unfortunately, that deal seems unlikely to close until at least February, providing the opportunity for new obstacles to arise.

CLOUD